

September 1991

## Are You Banking on a Jobber

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### Recommended Citation

Lesser, Howard N. (1991) "Are You Banking on a Jobber," *Against the Grain*: Vol. 3: Iss. 4, Article 14.

DOI: <https://doi.org/10.7771/2380-176X.1205>

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# Issues in Vendor-Library Relations

ARE YOU "BANKING" ON A JOBBER? - - IS YOUR JOBBER "BANKING" ON YOU?  
by Howard N. Lesser, (President, Midwest Library Service, Inc.)

Each year many libraries turn over large amounts of money to book jobbers for future purchases of books as "deposit accounts." Although deposit accounts are often initiated by the library, sometimes they are suggested by the book jobber. Why are deposit accounts advantageous from the library's point of view?

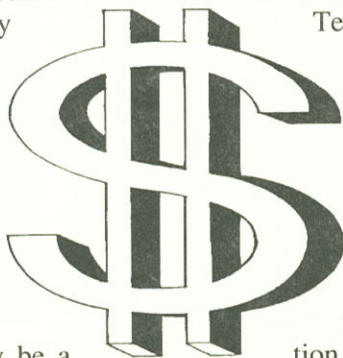
1. Time may be running out on expending the library book budget.
2. Deposit accounts may be a simple way of handling special funds.
3. Deposit accounts may offer libraries interest income enabling them to purchase more books.
4. Deposit accounts may gain extra discount for the library.

Why would jobbers want to promote deposit accounts?

1. Deposit accounts would ensure that a certain amount of business would be sent to the jobber.
2. Deposit accounts would enable a jobber to use library funds for day-to-day working capital.

In this day and age, the size of a company is no longer a protection against business failure. If airlines, savings and loan companies, banks, and computer companies, etc., can go broke, certainly book jobbers are not immune. As a matter of fact, jobbers have gone out of business over the years and library funds

have been lost. Some of the jobbers who have come and gone are McClurgs, Richard Abel & Company, National Library Service, Samson Book Company, Key Book



Service, BSI, Silers, Sci-Tech Book Service, Makley's, and Grayson Books. More likely than not, more names will be added to these in the future. Certainly a jobber in weak financial condition will use deposit accounts as working capital, and this will place library funds at serious risk.

If a library chooses to place funds on deposit with a jobber, caution should be the watchword, and the principle of **caveat emptor** should prevail. There are a number of ways by which library money can be protected. An examination of the financial condition of the jobber is important. This can be accomplished in several ways:

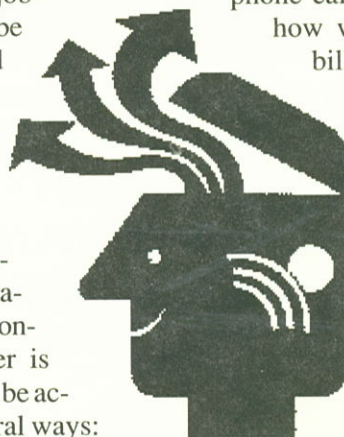
1. Request a copy of the jobber's Balance Sheet for examination. Particular attention should be paid to the strength of the company. This examination would enable the librarian to determine if the jobber is using deposits for day-to-day operations.

2. Dun and Bradstreet Reports

can be helpful in determining the stability of a library jobber. However, caution is important here. Oftentimes, financial information is disseminated to Dun and Bradstreet over the telephone, and is undocumented.

3. Publicly held companies are required to submit accurate financial information to the Securities and Exchange Commission each year. This information is designated as a 10K Report and is quite reliable since the financial information is of an audited nature. One source for obtaining a 10K Report is through Bechtel Information Services (1-800-231-3282).

4. An easy method of checking on a jobber is to place a few telephone calls to publishers to learn how well the jobber pays its bills.



There is a safe method of protecting library funds in a deposit account. This could be done through a bank escrow account. Simply stated, "deposit" money can be placed with a bank and funds released as books are received and invoices certified. This procedure requires very little paper work and would offer librarians peace of mind in case of financial failure on the part of the jobber.

Today, budgets are tight and funds are difficult to acquire. Protection of the library's budget should be a number one priority for any librarian.